

banks withdrew from the Suffolk and transferred their deposits to the Bank of Mutual Redemption. There was some friction between the two institutions and it was feared in some quarters that the entire system would be endangered, but a mutual exchange of the notes of their patrons was arranged between the two banks. The Suffolk Bank withdrew from the system on November 1, 1858, upon the ground that "its main feature, the right to send home bills for specie, cannot be given up without destroying its efficacy," and that "under the existing circumstances the bank does not wish to stand in the way of a trial of the attempted experiment of a foreign money system to be conducted on less stringent principles." The Suffolk Bank continued to receive country money at a discount of twenty-five cents per \$1000 and to share to this degree in the business of redemption.

The circulation of the New England banks in 1858 was less than \$40,000,000 and the redemptions for that year through the Suffolk Bank were \$400,000,000. Every note, therefore, on the average, passed through the redemption agency ten times a year, or a little less often than once a month. This frequency of redemptions not only tested the solvency of the banks by the ultimate test of a banking currency, but it kept the circulation constantly adjusted to business conditions. The redemptions through the Suffolk agency were \$76,248,000 in 1834 and increased to \$105,457,000 in 1837. There were fluctuations during the period of specie suspension, but the redemptions increased progressively to \$137,000,000 in 1845, \$220,000,000 in 1850 and \$341,000,000 in 1855, until they reached their maximum of \$400,000,000 in 1858. The expenses of carrying on the redemption agency reached a maximum of \$40,000 in 1858, making an average expense of ten cents per \$1000. The suspension of specie payments by the banks of the country at the close of 1861, as the result of Secretary Chase's issue of government demand notes, arrested the regularity of redemptions through the Suffolk system and it was superseded before resumption by the National banking system. The Suffolk system was never